

Message Text

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PAGE 01 NEW DE 11427 041435Z

12
ACTION EB-07

INFO OCT-01 NEA-10 ISO-00 AGR-05 CIAE-00 COME-00 INR-07

LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 CIEP-01 FRB-03

OMB-01 /045 W
----- 000929

R 041230Z AUG 76
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 7535

LIMITED OFFICIAL USE NEW DELHI 11427

FOLLOWING REPEAT CALCUTTA 1906 SENT ACTION NEW DELHI
INFO DACCA 04 AUG 76.

QUOTE:

LIMITED OFFICIAL USE CALCUTTA 1906

E.O. 11652: N/A
TAGS: ECON, EPAP, IN, BG
SUBJ: MORE JUTE MILLS CLOSE

REF: CALCUTTA 1884

1. THREE MORE JUTE MILLS HAVE CLOSED SINCE THE BEGINNING
OF THIS WEEK, ACCORDING TO CALCUTTA PRESS REPORTS, BRINGING
THE TOTAL OF CLOSED MILLS NOW TO 14. NUMBER OF PERSONS THROWN
OUT OF WORK SO FAR BY JUTE MILL CLOSURES IS ESTIMATED AT
55,000. THE IMMEDIATE CAUSE OF THESE LATEST THREE CLOSURES
IS REPORTEDLY LABOR DISPUTES, PROBABLY OVER PARTIAL LAYOFFS,
BUT MORE LIKELY THAN NOT THIS IS ONLY A PRETEXT FOR SHUTTING
DOWN UNPROFITABLE OPERATIONS.

2. OUR SOURCES IN THE JUTE INDUSTRY HAVE LONG PREDICTED
MASSIVE FAILURES IF GOVERNMENT DID NOT EITHER GRANT SUB-
SIDIES OR STEP UP BUYING OF JUTE PRODUCTS OR ALLOW THE MILLS
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PAGE 02 NEW DE 11427 041435Z

TO CUT PRODUCTION AND EMPLOYMENT. MOST OF THE INDUSTRY'S

PLEAS HAVE BEEN MET WITH AN OSTRICH-LIKE OPTIMISM ON THE PART OF THE GOI AND THE GOWB, WHOSE SPOKESMEN HAVE REGULARLY ISSUED STATEMENTS AIRILY FORECASTING AN EARLY RESOLUTION TO ALL OF JUTE'S PROBLEMS.

3. FUNDAMENTALLY THE GOI AND GOWB HAVE WANTED TO AVOID ASSUMING THE FINANCIAL BURDENS OF A SERIOUS EFFORT TO KEEP THE MILLS WORKING AT CAPACITY OISINCURRING THE POLITICAL AND SOCIAL PAIN OF ALLOWING LAYOFFS. THE RESULT IS THAT THEY NOW HAVE ON THEIR HANDS A GROWING LIST OF FINANCIALLY EXHAUSTED MILLS AND MOUNTING UNEMPLOYMENT IN THE INDUSTRY. WHILE OBVIOUSLY STPAL RELUCTANT TO MOVE IN TO RESUCE THE INDUSTRY IN ANY LARGE SCALE WAY, THE GOI AND GOWB MADE THE FIRST MOVE IN THAT DIRECTION ON AUGUST 3 IN ANNOUNCING THE TAKE-OVER OF THE MANAGEMENT OF THE NATIONAL JUTE COMPANY, LARGEST JUTE FIRM IN INDIA WITH TOTAL EMPLOYMENT OF OVER 14,000. NATIONAL HAS BEEN IN SERIOUS FINANCIAL TROUBLE AND HAD RECENTLY LAID OFF FOUR THOUSAND WORKERS. NEW MANAGING DIRECTOR APPOINTED BY THE GOVERNMENT IS RETIRED LT. GENERAL JAGJIT SINGH AURORA, FORMER GOC-IN-C EASTERN COMMAND AND "LIBERATOR" OF BANGLADESH.
KORN

UNQUOTE.
SAXBE

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NNN

Message Attributes

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